

Amendment No. 1 to HB2310

Sargent
Signature of Sponsor

AMEND Senate Bill No. 2119*

House Bill No. 2310

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 67-4-2006(a), is amended by adding the following as subdivision (10):

(10) Effective for tax years beginning on or after January 1, 2020, for purposes of computing "net earnings" or "net loss" under this subsection (a), Section 163(j) of the Internal Revenue Code of 1986, as amended, shall be applied as it existed and applied immediately before the enactment of the Tax Cuts and Jobs Act of 2017, Pub. L. No. 115-97.

SECTION 2. Tennessee Code Annotated, Section 67-4-2006(b)(2), is amended by adding the following as a new, appropriately designated subdivision:

() Any amount that the taxpayer would have excluded from federal taxable income as a result of applying § 118 of the Internal Revenue Code as it existed and applied immediately before enactment of the Tax Cuts and Jobs Act of 2017, Pub. L. No. 115-97;

SECTION 3. Tennessee Code Annotated, Section 67-1-1704, is amended by adding the following language as a new subsection (e) and redesignating the remaining subsections accordingly:

(e) A unit of local government receiving tax information under subsection (d) may disclose to a contractor or consultant the name, address, and situs of one (1) or more taxpayers for the purpose of ascertaining whether allocations of state and local taxes are being distributed to the correct unit of local government. Such information

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shall not include the taxpayer's returns, receipts, income, tax liability, tax payments, or other financial information. No consultant or contractor of a unit of local government who receives tax information under this subsection (e) shall disclose such information to any other person. Any consultant or contractor of a unit of local government who has or has had, at any time, access to any tax information under this subsection (e) shall be subject to all the penalties and restrictions applicable to an officer or employee of the state under § 67-1-1709.

SECTION 4. Tennessee Code Annotated, Section 67-6-103(h)(2), is amended by deleting the language "until June 30, 2023" and substituting instead the language "until June 30, 2028".

SECTION 5. Tennessee Code Annotated, Title 67, Chapter 6, Part 5, is amended by adding the following as a new section:

67-6-543.

(a) For the purpose of increasing compliance with the tax laws administered by the department of revenue, the commissioner of revenue is authorized to contract with a third party for the provision of advice or recommendation on delinquent or deficient sales and use taxes imposed under this chapter. Any third-party advice or recommendation may include the recommendation for taxpayer audit selection and the amount of any assessment.

(b) Any advice or recommendation of any person rendering services pursuant to subsection (a) shall be advisory only, and the amount of any proposed assessment

issued directly or indirectly as a result of the consultation shall be determined solely by the department of revenue as provided by law.

(c) No contract entered into by authority of this section shall contain any provisions whereby a person shall be paid upon a percentage basis, or on any basis whereby the compensation under the contract is dependent or conditioned upon increasing or reducing revenues assessed or collected by the department of revenue.

(d) Any contract or solicitation for a contract authorized under this section shall be procured as provided in title 12, chapter 3, and shall be subject to the rules, policies, and procedures of the central procurement office and the procurement commission.

(e) Any contract entered into pursuant to this section shall terminate no later than July 1, 2019.

SECTION 6. Tennessee Code Annotated, Section 67-1-1704, is amended by adding the following as a new subsection:

() Returns, tax information, and tax administration information may be disclosed to any person providing analytical support or data analysis to the department in furtherance of tax administration, including any person rendering services to the department pursuant to a contract entered into under § 67-6-543. Any person receiving returns, tax information, or tax administration information under this subsection () shall be subject to the confidentiality provisions, including penalties, set out in this part.

SECTION 7. Section 2 of this act shall take effect upon becoming a law and shall apply to tax periods beginning on or after January 1, 2017, the public welfare requiring it. All other sections shall take effect upon becoming a law, the public welfare requiring it.